

EXHIBIT D

Graves Depo Excerpt

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1 IN THE CIRCUIT COURT OF HINDS COUNTY, MISSISSIPPI
2 SECOND JUDICIAL DISTRICT

3
4 SOUTHTRUST BANK, a corporation
5 Plaintiff,
VERSUS CIVIL ACTION NO. CV03-14

6 LEXTRON CORPORATION, et al.,
7 Defendants.
8

9 VOLUME I
10 VIDEOTAPED DEPOSITION OF LARRY W. GRAVES
Taken at the offices of Brunini, Grantham,
Growers & Hewes, PLLC, located at 1400
11 Trustmark Building, 248 East Capitol Street,
Jackson, Mississippi, on Wednesday,
September 24, 2003, beginning at 9:00 a.m.

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1 T-A-B-L-E O-F C-O-N-T-E-N-T-S

2 Examination By: Page
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3 Ms. Virden 228

4 Stipulation 6

5 Exhibits:

6 Exhibit 1, E-mail cc'd to
Larry Graves from Greg
Naylor dated 9/19/02,

and e-mail to Gabriel
Llausas; Martha Everett and
Greg Naylor from Christine

Justice dated 9/23/02 84

7 Exhibit 2, E-mail to Martha
Everett from Greg Naylor
and cc'd to Larry Graves
dated 1/8/03, rough draft

8 Letter to Andy Raine from
Greg Naylor 107

9 Exhibit 3, Memo to Larry
Graves from Martha Everett
concerning letter to Andy

10 Raine from Greg Naylor 134

11 Exhibit 4, E-mail from Larry
Graves to Andy Raine dated
9/9/03 155

12 Exhibit 5, Ethical principles
of Delphi written by
Mr. Battenberg 183

13 Exhibit 6, E-mail to
Mr. Wheelock from Greg
Naylor dated 12/6/02, memo to
Christine Justice, Greg

14 Naylor dated 12/5/02, memo to
Christine Justice from
Marty Weigel dated 12/5/02 194

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1 number.
 2 Q. How many people do you think -- Give me
 3 your best judgement. I understand you may not can
 4 give the exact number. How many people in your
 5 best judgement were on this conference call on
 6 January 7th?
 7 A. Best judgement, about six or seven.
 8 Q. And involving how many different
 9 departments or divisions or whatever you want to
 10 call it?
 11 A. Purchasing, production control and
 12 logistics. That might have been it probably on
 13 January 7th.
 14 Q. All right. And was Mr. Johnson on this
 15 phone call?
 16 A. No.
 17 Q. But you talked to him that day?
 18 A. I don't know specifically that I talked
 19 to him on that day.
 20 Q. I asked you who was the most senior
 21 person involved on January 7th, and you told me
 22 Sid Johnson was; is that correct?
 23 A. Yes.
 24 Q. How did Mr. Johnson get involved in
 25 this issue if he was not on that conference call?

1 Q. And are you giving marching orders to
 2 everybody, or is somebody just telling you, Larry,
 3 this is that we're planning on doing? Who's
 4 directing this meeting?
 5 A. It would have been -- It would have
 6 been called by production control and logistics.
 7 Q. Okay.
 8 A. And during the call we would have asked
 9 questions.
 10 Q. And I apologize. My notes don't
 11 reflect that I got an answer. Is there some
 12 record that will show me the duration and the time
 13 of this conference call?
 14 A. Not that I'm aware of.
 15 Q. Is it your best guess this is an
 16 internal communication telephone system as opposed
 17 to using an outside long distance carrier?
 18 A. Don't know for sure. I would have
 19 guessed that there would have been a telephone
 20 conference.
 21 Q. All right. An outside carrier?
 22 A. An 888 number.
 23 Q. In other words, someone is --
 24 A. Possibly.
 25 Q. -- billing Delphi for this time?

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1 A. He's located in Warren, Ohio.
 2 Q. Okay.
 3 A. And people that would have been on the
 4 call are located in Warren, Ohio.
 5 Q. Well, remember I want to stick with
 6 facts. Okay?
 7 A. Sure.
 8 Q. Do you know or do you not know how
 9 Mr. Johnson was informed of this serious supplier
 10 issue?
 11 A. Specifically, no on January 7th.
 12 Q. But you were certain that somehow it
 13 was communicated to him?
 14 A. I don't know for sure.
 15 Q. So when you told me that earlier,
 16 you're not sure. You were speculating that
 17 Mr. Johnson was involved?
 18 A. Yes.
 19 Q. The most senior person that you know
 20 was involved was you?
 21 MR. EASON:
 22 On the 7th?
 23 Mr FREESE:
 24 Q. On the 7th.
 25 A. On the 7th. As far as I know.

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1 A. If that telephone conference would have
 2 been used. Yes.
 3 Q. There will be a record of that?
 4 A. If there was. Yes.
 5 Q. Let's assume for a second -- I'm not
 6 saying it was -- who is custodian of that record?
 7 How can I find that record?
 8 A. Possibly, through the finance group.
 9 Q. All right. Where are they located?
 10 A. Warren, Ohio.
 11 Q. And if someone asked your lawyers for
 12 it, what document do I need to ask your lawyers to
 13 give me that will give me that information? Just
 14 your long distance bills? Is that good enough?
 15 A. If it's on there, yes.
 16 Q. And this involved Juarez, Mexico, and
 17 Warren, Ohio, correct?
 18 A. Yes.
 19 Q. Anyone else? Any other city involved?
 20 A. Not that I'm aware of on the 7th.
 21 There may have been more than one call during the
 22 day. But the initial one would have been on the
 23 7th.
 24 Q. Do you recall or do you not recall more
 25 than one conference call that day?

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<p>1 A. I don't recall more than one.</p> <p>2 Q. All right. Do you keep a Daytimer?</p> <p>3 A. No.</p> <p>4 Q. So you don't keep track of what meetings or telephone conferences you have?</p> <p>5 A. No.</p> <p>6 Q. You have no personal notes of anything?</p> <p>7 A. No.</p> <p>8 Q. All right. Do you know whether or not anyone on that conference call kept notes of that teleconference?</p> <p>9 A. No, I don't.</p> <p>10 Q. All right. And there were in your judgement six people there. And sitting here today -- And I understand we've got a lot of paperwork -- But sitting here today, you are not aware of a single scrap of paper that the potentially seven people on this conference call wrote or made to record the content of this conference call?</p> <p>11 A. I'm not aware of it.</p> <p>12 Q. Now, you said one other thing you did or would have likely done, is start a contingency plan that day.</p> <p>13 A. Yes.</p>	<p>1 depending on the information you find out. And if -- if you own the tooling, you would need to know that.</p> <p>2 Q. Why?</p> <p>3 A. If you would have to create new tooling, then it would require more certification versus if you were -- you had the tooling, then you wouldn't have to certify.</p> <p>4 Q. Well, in other words, let's get specific.</p> <p>5 A. Uh-huh.</p> <p>6 Q. If Delphi owned the tooling, you couldn't go on that supplier's premises and take it, correct?</p> <p>7 A. I don't believe so.</p> <p>8 Q. But if Delphi owned the tooling and they were not supplying your suppliers, then in that case you would want to know if you owned it so you could go and get it and take it off the premises, correct?</p> <p>9 MR. EASON:</p> <p>10 Let me object to the form. You mentioned Delphi in both of those questions.</p> <p>11 MR. FREESE:</p> <p>12 I'm sorry. Let me reask the question.</p>	
<p>1 Q. What does that mean?</p> <p>2 A. A contingency plan would be involved.</p> <p>3 The number of part numbers that we're dealing with the company. What the volumes would be in terms of daily deliveries or weekly deliveries? Who owns the tooling if there's tooling involved? How much inventory do we have? Those would be typical questions.</p> <p>4 Q. All right. Now, why would you want to know who owns the tooling?</p> <p>5 A. In a contingency plan, you would need to know who owns the tooling that if a supplier is unable to deliver, is there any other tooling available. Is it something that our own company or another company could make the product.</p> <p>6 Q. All right. I understand that, and I may have asked a poor question and I apologize.</p> <p>7 A. Uh-huh.</p> <p>8 Q. I know you may want to know where your capacity is to make a product, correct?</p> <p>9 A. Yes.</p> <p>10 Q. What difference would it make on January 7th who owned Lextron's tooling?</p> <p>11 A. In a contingency plan, you would put together short-term, long-term contingencies</p>	<p>1 Q. If Lextron owned the equipment, you would want to know that because you can't go and take it if Lextron owns it.</p> <p>2 A. We would just need to know in terms of P-PAP, which is part approval process. You would need to know the whole value stream.</p> <p>3 Q. I understand. There may be a lot of reasons. But one of the reasons why you want to know who owns the tooling is to know whether or not Delphi has a right to go and get the tooling and use it yourself if a supplier is not doing their job.</p> <p>4 A. That would be one reason.</p> <p>5 Q. Yeah. Because you don't want to go out and buy or make new toolings if you already own some at one of your supplier's location.</p> <p>6 A. You may -- In a contingency plan depending on the timing, you may need to create duplicate tooling.</p> <p>7 Q. I understand. But what I'm asking you is: One of the reasons you want to know if you own the tooling is if you want to go get it and use it yourself.</p> <p>8 A. That would be one reason.</p> <p>9 Q. All right. And you know in fact, do</p>	<p>Page 70</p> <p>Page 72</p>

1 you not, sir, that Delphi did come and take
 2 tooling materials from Lextron's operation?
 3 A. It's my understanding, yes.
 4 Q. And you did it after you terminated
 5 them as a supplier, correct?
 6 A. After we -- I think after we notified
 7 them. Yes.
 8 Q. After you notified them that they were
 9 terminated, you came and got stuff that you
 10 believed was yours?
 11 A. Yes.
 12 Q. All right. How often does Delphi go
 13 and obtain or retake or repossess equipment that
 14 it owns from a supplier and is still using that
 15 supplier?
 16 A. Still using that supplier?
 17 Q. Yes.
 18 A. Not very often.
 19 Q. The usual situation -- If you're going
 20 to get the equipment, it's because they're no
 21 longer a supplier. You own it, and you want it
 22 back?
 23 A. There would be cases that we may move
 24 business from another supplier to another on a
 25 particular part because they either have had

1 A. We want to know how close we are in
 2 terms of meeting our requirement deliveries to a
 3 customer.
 4 Q. And that's something that you would
 5 normally do when you establish a contingency plan,
 6 correct?
 7 A. Yes.
 8 Q. And to the best of your recollection,
 9 you would have done that on January 7th, correct?
 10 A. Probably, would have started that, yes.
 11 Q. All right. And I gather that it's just
 12 common sense the more inventory you've got, the
 13 more likelihood that you're not going to default
 14 on or miss a deadline to your customer, correct?
 15 A. More than likely, yes.
 16 Q. So more inventory is good, less
 17 inventory, bad?
 18 A. In terms of delivery problems with a
 19 supplier?
 20 Q. Yes.
 21 A. Yes.
 22 Q. And that's another thing you probably
 23 tried to identify on January 7th, 2003, correct?
 24 A. The company, yes, would have determined
 25 that, yes.

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1 quality problems or they're not competitive.
 2 Q. In this case, though, Lextron was
 3 terminated. You went and got the tooling that you
 4 believe you owned?
 5 A. Yes.
 6 Q. And in order to know whether or not you
 7 had the right to go get it, you had to determine
 8 whether or not you owned it.
 9 A. Yes.
 10 Q. And on January 7th that was one of the
 11 instructions you gave to the division. Go figure
 12 out who owns all that stuff down at Doty's plant
 13 there in Mississippi.
 14 A. We would -- I said in a contingency
 15 plan we would ask a number of questions. I don't
 16 know if on January 7th we would have asked that
 17 particular question.
 18 Q. But you said that was a normal thing
 19 that you would normally do in a contingency plan.
 20 A. That would be one thing.
 21 Q. All right. And you also said one of
 22 the things you'd want to find out is how much
 23 product you had in inventory, correct?
 24 A. Yes.
 25 Q. Why would you want to know that?

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1 Q. Let me back up.
 2 A. Uh-huh.
 3 Q. Do you give these contingency plans a
 4 name?
 5 A. No.
 6 Q. Do your contingency plans have team
 7 members?
 8 A. Generally, it would include production
 9 control and logistics and purchasing initially.
 10 If we had to, we may need to get our sales team to
 11 let them know of a potential problem. Possibly,
 12 our operations would need to get involved. Maybe
 13 engineering. And possibly, even finance.
 14 Q. Did your company establish a Lextron
 15 contingency plan team?
 16 A. On January 7th?
 17 Q. I'm not asking you a date right now.
 18 Did Delphi establish a Lextron contingency plan
 19 team?
 20 A. Yes.
 21 Q. All right. When was it done?
 22 A. As I said, we would have started the
 23 initial questions on the 7th. I believe there was
 24 a formal team that would have met daily late in
 25 January.

<p style="text-align: center;">Graves Depo Excerpt Page 77</p> <p>1 Q. All right. You said informal team. 2 Well, was the informal Lextron team meeting before 3 late in January? 4 MR. EASON: 5 Object to the form. 6 MR. FREESE: 7 You may answer. 8 MR. EASON: 9 You assume that there was an informal 10 team. 11 MR. FREESE: 12 Well, he used the word formal so I'm 13 assuming that if there was a formal team, there 14 had to be an informal team beforehand. 15 THE WITNESS: 16 A. There were calls subsequent to January 17 7th that would discuss the topic of the Lextron 18 situation. 19 Q. Well, that's what I'm getting at, sir. 20 Whether or not it was a formal team or -- Starting 21 January 7th the message was out to all the 22 important people that had to be involved in the 23 loop to start gathering this information to assess 24 the Lextron situation. 25 A. Yes.</p>	<p>1 your employees that you are now on a team whose 2 mission is to gather data solely about Lextron? 3 A. It would be determined which functions 4 were needed to be on the team, and then somebody 5 from that function would be the focal point for 6 that. 7 Q. I -- Go ahead. I'm sorry. I didn't 8 mean to interrupt you. 9 A. That's it. 10 Q. How is that communicated to that 11 person? 12 A. One-on-one contact or a phone call. 13 Q. No e-mails, no written -- guys, the 14 team is gathering, and you've been invited to 15 join? 16 A. Might be. It's possible it could be 17 that way. 18 Q. Have you ever seen a document anywhere 19 that identified who was needed for this team and 20 that they were being inducted into it? 21 A. I don't recall a specific document. 22 Q. What happened between -- 23 THE WITNESS: 24 Do you mind if we take a break? I need 25 to use the men's room if you don't mind.</p>
<p style="text-align: center;">Page 78</p> <p>1 Q. And that group of people ultimately 2 became as you described it a formal team, correct? 3 A. Yes. 4 Q. But for all intents and purposes, they 5 had their marching orders on January 7th? 6 A. There were people in various functions 7 that were to go out and find information. 8 Q. As part of this what ultimately became 9 the Lextron team. 10 A. That eventually evolved into a -- yes. 11 Q. Now, how does one get invited to join 12 the team? 13 A. Which team? 14 Q. The Lextron team. 15 A. Like which team are you talking about? 16 Q. The Lextron team. 17 A. The one that was the formal team that 18 was meeting on contingency? 19 Q. Yes. 20 A. It would depend on the functions that 21 were needed to be a part of that group. 22 Q. I understand you involved the people. 23 How did they get communicated to them -- 24 Mr. Naylor, it's your lucky day. You're on the 25 Lextron team. How does that get communicated to</p>	<p style="text-align: center;">Page 80</p> <p>1 (Off the record.) 2 (A recess was taken.) 3 Mr. FREESE: 4 Q. Mr. Graves, before the break you told 5 me that you recall one telephone conversation with 6 Mr. Doty; is that correct? 7 A. Yes. 8 Q. And when did that telephone 9 conversation occur? 10 A. Sometime around the 7th or 8th of 11 January. 12 Q. And what did you tell Mr. Doty at that 13 time? 14 A. I wanted to get his concurrence that he 15 was putting his efforts into making sure that 16 people were working as necessary to maintain 17 deliveries to us. 18 Q. All right. And what did he tell you? 19 A. He said that he was going to apply 20 resources that he needed to try and get back on 21 schedule with us. 22 Q. Did you believe him? 23 A. Yes. 24 Q. And did he get back on schedule? 25 A. We still had delivery problems with</p>

1 "that they are at risk based upon our verbal
 2 direction to encourage them to ship"?

3 A. That's the first I've seen that.

4 Q. All right. And is that consistent with
 5 the way your company does business?

6 MR. EASON:

7 Object to the form. Is what
 8 consistent?

9 MR. FREESE:

10 Q. Driving somebody into bankruptcy?

11 A. Delphi driving somebody into
 12 bankruptcy?

13 Q. Yes. Is Delphi driving somebody into
 14 bankruptcy consistent with the way y'all do
 15 business?

16 A. No.

17 Q. You see here Mr. Wheelock is telling
 18 Mr. Naylor that if we keep insisting that Weigel
 19 ship product, we're going to drive him into
 20 bankruptcy. You see him telling Mr. Naylor that,
 21 do you not?

22 A. I see what's written here.

23 Q. And I just described, have I not, what
 24 is written there?

25 A. I don't know the specifics specifically

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1 Q. I'm not asking you that, sir. I'm
 2 asking what was being said in that e-mail.

3 A. It was just saying that there must be a
 4 problem with Weigel. They must not be getting
 5 paid.

6 Q. Sir, that's not my question. Do you or
 7 do you not agree with me that Mr. Wheelock for
 8 whatever reason -- I'm not saying he's right or
 9 wrong -- But Mr. Wheelock is telling Mr. Naylor
 10 that our insistence on Weigel continuing to
 11 deliver product is going to drive them to
 12 bankruptcy, and we cannot afford to do that. Is
 13 that not what Mr. Wheelock is telling Mr. Naylor?

14 MR. EASON:

15 Excuse me. Object to the
 16 mischaracterization of the document.

17 MR. FREESE:

18 Q. You may answer.

19 A. I don't know if that's what he's
 20 specifically saying on that and that's what he
 21 means.

22 Q. Well, you can read. He says we cannot
 23 afford to drive Weigel into bankruptcy. He says
 24 that.

25 A. Uh-huh.

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1 behind this.

2 Q. I'm not asking you that, sir. I want
 3 you to simply answer my question. Is Mr. Wheelock
 4 telling your subordinate, Mr. Naylor, that if we
 5 keep insisting that Weigel deliver product, we're
 6 going to drive them into bankruptcy?

7 A. "We can not afford to drive Weigel into
 8 bankruptcy and they are at risk based on our
 9 verbal direction to them encouraging them to
 10 ship." I specifically don't know what he's
 11 meaning on this.

12 MR. EASON:

13 Well, let me object to the question to
 14 the extent you are mischaracterizing the document.
 15 The document speaks for itself, and it doesn't say
 16 what you've said.

17 MR. FREESE:

18 I object to you're saying I'm
 19 mischaracterizing anything.

20 Q. Does the document not say, Mr. Graves,
 21 that if we keep insisting on Weigel shipping
 22 without getting paid, we are going to drive them
 23 into bankruptcy and we cannot afford to do this?

24 A. All right. I don't know even the
 25 specifics even before that.

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1 Q. Yes?

2 A. Yes.

3 Q. And you understand "we" as referring to
 4 Delphi, correct?

5 A. That's the assumption there.

6 Q. And "they" -- That's Weigel -- are at
 7 risk based on our -- Delphi -- verbal direction to
 8 them encouraging them to ship.

9 A. That's what that says.

10 Q. So any common usage of the English
 11 language tells us that if Delphi continues to
 12 insist on Weigel shipping to Lextron, it's going
 13 to drive them into bankruptcy.

14 MR. EASON:

15 I object to the mischaracterization of
 16 the document. The document says they are at risk.

17 MR. FREESE:

18 Q. You can answer the question.

19 A. An honest concern.

20 Q. Now, sir, when is the first time that
 21 you ever spoke with anyone at Southtrust Bank if
 22 ever?

23 A. It would have been on January 9th.

24 Q. And what happened on January 9th?

25 A. In speaking with somebody at

1 Southtrust?
 2 Q. Yes, sir.
 3 A. Confirmation with Andy Raine that he
 4 received an e-mail.
 5 Q. Did you call him?
 6 A. Yes.
 7 Q. And how did you come to know Mr. Raine?
 8 A. I was requested by Sid Johnson that a
 9 letter needed to be sent to Andy Raine at
 10 Southtrust on the 9th, and that Martha Everett was
 11 going to provide me with that letter, and it just
 12 needed to go out under my signature.
 13 Q. Why was that?
 14 A. Why was what?
 15 Q. Why did the letter need to go out under
 16 your signature?
 17 A. Sid felt that it needed to be by a
 18 director. And he was actually traveling at the
 19 time and couldn't do it himself, and so he
 20 directed me to do that.
 21 Q. Are you a director?
 22 A. Yes, I am.
 23 Q. Now, the job of director, that's not
 24 like a director on the board of directors; it's a
 25 title for the --

1 A. And I believe that they were looking to
 2 see if they were going to put more money into the
 3 operation.
 4 Q. Now who told you that?
 5 A. It would have been Sid or Greg or
 6 Martha, one of the three. I'm not really sure.
 7 Q. All right. And did you know that
 8 before the letter was sent?
 9 A. Yes.
 10 Q. And one of those three told you that
 11 Southtrust was looking to see if they were going
 12 to put more money into Lextron's operation?
 13 A. Yes.
 14 Q. Anything else?
 15 A. And that they had instructed another
 16 company, I think, by the name of Alvarez and
 17 something or other to take a look at the financial
 18 situation of Lextron.
 19 Q. How did you find that out?
 20 A. Again, either through Greg or Martha.
 21 Q. Was this in writing, or was it verbal?
 22 A. I believe it was verbal.
 23 Q. Did you have any knowledge what the
 24 status of the loans from Southtrust Bank to
 25 Lextron were?

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1 A. Just a title.
 2 Q. And Mr. Johnson is one also?
 3 A. Correct.
 4 Q. Did you know who Southtrust was or what
 5 Southtrust was or what they had to do with this
 6 whole Lextron situation?
 7 A. I had known that they were a bank that
 8 had provided financial funding to Lextron.
 9 Q. Did you know anything more than they
 10 were a bank and they provided financing to
 11 Lextron?
 12 A. At that time that was about it.
 13 Q. All right. So on January 9th when you
 14 sent an e-mail to Mr. Raine -- and this is
 15 important, sir --
 16 A. Uh-huh.
 17 Q. -- so I want to make sure I get this
 18 straight. On January 9th, 2003, when you sent
 19 this e-mail to Mr. Raine, the sum and substance of
 20 the entire facts you knew about Southtrust is that
 21 it was a bank and that it loaned money to Lextron?
 22 A. Uh-huh.
 23 Q. Is that correct?
 24 A. Yeah.
 25 Q. You knew nothing more about --

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1 A. On the 9th?
 2 Q. Yes.
 3 A. Not specifically, no.
 4 Q. Were you aware that Delphi was
 5 encouraging Southtrust Bank to forebear taking any
 6 action on the note it had with Lextron?
 7 A. No.
 8 Q. You didn't know that?
 9 A. No.
 10 Q. Were you aware that Delphi was
 11 encouraging Southtrust to loan new money to
 12 Lextron?
 13 A. I knew Delphi was encouraging
 14 Southtrust to remain with Lextron as Delphi was.
 15 Q. All right. I'm going to get to that.
 16 A. Okay.
 17 Q. But specifically, did you realize on
 18 January 9th and before that Delphi was encouraging
 19 SouthTrust Bank to loan more money to Lextron?
 20 A. I knew that they were looking to loan
 21 more money and that SouthTrust was looking for a
 22 letter from Delphi.
 23 Q. All right. You're not answering my
 24 question.
 25 A. I'm sorry.

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<p>1 Q. I apologize for not asking it well.</p> <p>2 Were you aware that on January 9th and before</p> <p>3 Delphi was actively encouraging SouthTrust to go</p> <p>4 and give more money to Lextron?</p> <p>5 A. Not before the 9th I was not aware of</p> <p>6 anything.</p> <p>7 Q. All right. When you saw the letter</p> <p>8 that was crafted for you, you realized it then did</p> <p>9 you not?</p> <p>10 A. Yes. Yes.</p> <p>11 Q. Specifically, Delphi was asking</p> <p>12 SouthTrust to give \$800,000 in new money to</p> <p>13 Lextron; am I correct?</p> <p>14 A. I think that's the amount that they</p> <p>15 were looking to.</p> <p>16 Q. When you --</p> <p>17 You want to change your tape. Let's go</p> <p>18 off the record.</p> <p>19 (Off the record.)</p> <p>20 MR. FREESE:</p> <p>21 Q. Mr. Graves, before the break we were</p> <p>22 talking about your phone call to Mr. Raine --</p> <p>23 A. Yes.</p> <p>24 Q. -- where you confirmed that he received</p> <p>25 your e-mail; is that correct?</p>	<p>1 Q. And what was Mr. Raine's response to</p> <p>2 that?</p> <p>3 A. He didn't seem to say one way or</p> <p>4 another.</p> <p>5 Q. But this \$120,000 was you were telling</p> <p>6 Mr. Raine that there is \$120,000 issue out there</p> <p>7 on obsolete inventory. Lextron may be entitled to</p> <p>8 all of it, some of it, or none of it.</p> <p>9 A. We hadn't made that determination, yes.</p> <p>10 Q. And did y'all discuss anything else?</p> <p>11 A. Other than -- Another issue that I</p> <p>12 understand that was a concern was how Delphi does</p> <p>13 the contras which is like the end of the month,</p> <p>14 the balancing of what they owe us and we owe them.</p> <p>15 And that, you know, we were, you know, going to</p> <p>16 continue the way that we did, but as in the letter</p> <p>17 says that Lextron, you know, has the right to look</p> <p>18 at the data before the end of the month, the</p> <p>19 contra transaction.</p> <p>20 Q. That was discussed in this phone</p> <p>21 conversation?</p> <p>22 A. In small part, yes.</p> <p>23 Q. And I'm sorry, what specifically was</p> <p>24 said about the -- did you have to explain to</p> <p>25 Mr. Raine the contra, or did he seem to understand</p>	Page 103
<p style="text-align: center;">Page 102</p> <p>1 A. That's right.</p> <p>2 Q. And what else was said other than to</p> <p>3 Mr. Raine confirming your e-mail?</p> <p>4 A. That there was an issue in the</p> <p>5 financial transactions between us and them about</p> <p>6 something on the order of \$120,000 issue of</p> <p>7 obsolete inventory or something like that, and</p> <p>8 that there was a concern of whether they were</p> <p>9 actually going to receive the full amount or some</p> <p>10 portion of that. And so during the call we -- I</p> <p>11 told him, I said we can't confirm that that</p> <p>12 \$120,000 is what the final agreeable amount would</p> <p>13 be.</p> <p>14 Q. Let me see if I understand this. When</p> <p>15 you spoke with Mr. Raine, you confirmed he got</p> <p>16 your e-mail.</p> <p>17 A. Right.</p> <p>18 Q. And then Mr. Raine brought up issue of</p> <p>19 this obsolete inventory?</p> <p>20 A. No. I don't think he brought it up. I</p> <p>21 brought it up because it was part of the financial</p> <p>22 assessment that they were expecting or Lextron was</p> <p>23 expecting to get the full \$120,000 by the end of</p> <p>24 the month. And that at this point, we couldn't</p> <p>25 confirm yes or no -- all, any, or part of that.</p>	<p style="text-align: center;">Page 104</p> <p>1 it?</p> <p>2 A. No. No. He seemed to understand it.</p> <p>3 I mean, he -- You know, I asked him about the</p> <p>4 letter. Did it meet his expectations, and he said</p> <p>5 yes.</p> <p>6 Q. That was your question?</p> <p>7 A. Yeah.</p> <p>8 Q. I interrupted you. I'm sorry. Let me</p> <p>9 get a straight answer. You said Mr. Raine, have</p> <p>10 you received my e-mail? He said yes, Mr. Graves,</p> <p>11 I received your e-mail.</p> <p>12 A. Yes.</p> <p>13 Q. And you said, Mr. Raine, does it meet</p> <p>14 your expectations, and he said, yes, Mr. Graves,</p> <p>15 it does.</p> <p>16 A. Yes.</p> <p>17 Q. How long was that conversation?</p> <p>18 A. Just a matter of a couple minutes.</p> <p>19 Q. Did you tell Mr. Raine that someone had</p> <p>20 ghostwritten that e-mail for you?</p> <p>21 A. No.</p> <p>22 Q. Did you tell him that many people had</p> <p>23 input in the writing of that memo?</p> <p>24 A. No.</p> <p>25 Q. Which is a fact, was it not?</p>	Page 104

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<p>1 A. Yeah. Yes.</p> <p>2 Q. All right. How many people had their</p> <p>3 hands in that e-mail that purported to be from you</p> <p>4 to Mr. Raine?</p> <p>5 MR. EASON:</p> <p>6 Object to the form.</p> <p>7 MR. FREESE:</p> <p>8 I'm sorry. What's your objection?</p> <p>9 MR. EASON:</p> <p>10 Well, it was from him to Mr. Raine.</p> <p>11 MR. FREESE:</p> <p>12 Well, it was purported to be from him</p> <p>13 to Mr. Raine as author of the document.</p> <p>14 MR. EASON:</p> <p>15 That's right. You say purported to be.</p> <p>16 I'm objecting to the mischaracterization.</p> <p>17 MR. FREESE:</p> <p>18 It's a perfectly fact --</p> <p>19 MR. EASON:</p> <p>20 It in fact was from him to Mr. Raine.</p> <p>21 MR. FREESE:</p> <p>22 He didn't author it.</p> <p>23 Q. Let's go back to my question,</p> <p>24 Mr. Graves. How many people had their hands in</p> <p>25 writing that e-mail to Mr. Raine?</p>	<p>1 e-mail?</p> <p>2 A. The first draft that came to me said it</p> <p>3 was from Greg Naylor.</p> <p>4 (Exhibit 2 was marked.)</p> <p>5 MR. FREESE:</p> <p>6 Q. I'm going to show you what I've marked</p> <p>7 as Exhibit 2. I think I may have an extra copy</p> <p>8 here somewhere. Maybe I don't.</p> <p>9 All right. Mr. Graves, you see Exhibit</p> <p>10 2 is a two-page document, correct?</p> <p>11 A. Uh-huh.</p> <p>12 Q. Is that a "yes"?</p> <p>13 A. Yes.</p> <p>14 Q. And the first page is an e-mail</p> <p>15 entitled Memo Template for Lextron. Do you see</p> <p>16 that?</p> <p>17 A. Yes.</p> <p>18 Q. All right. And this is from Mr. Naylor</p> <p>19 to Ms. Everett, correct?</p> <p>20 A. Yes.</p> <p>21 Q. And copies yourself and Mr. Johnson?</p> <p>22 A. Yes.</p> <p>23 Q. This is at 3:14 p.m. on January 8th,</p> <p>24 2003.</p> <p>25 A. Yes.</p>	
<p>1 A. That had input --</p> <p>2 Q. Yes, sir.</p> <p>3 A. -- prior to it? My understanding Greg</p> <p>4 Naylor, Martha Everett, Sid Johnson. As far as I</p> <p>5 know, that's about it.</p> <p>6 Q. How did Sid Johnson have input into it?</p> <p>7 A. He was traveling, and it's my</p> <p>8 understanding that he was the one who gave</p> <p>9 instructions that it needed to go out and that I</p> <p>10 needed to send it.</p> <p>11 Q. Okay. I remembered you say he was</p> <p>12 traveling so did someone e-mail a copy of this for</p> <p>13 his approval before you sent it to Mr. Raine?</p> <p>14 A. I don't know.</p> <p>15 Q. Do you know today whether or not</p> <p>16 Mr. Johnson approved that letter?</p> <p>17 A. He approved the letter going out, yes.</p> <p>18 Q. How do you know that?</p> <p>19 A. Because after the letter, he had said</p> <p>20 that he knew that it went out.</p> <p>21 Q. Did you have anything to do with any of</p> <p>22 the content of that e-mail?</p> <p>23 A. Yes.</p> <p>24 Q. And I'm going to ask you about that.</p> <p>25 Who was the author of the first draft of the</p>	<p>Page 106</p> <p>1 Q. And Mr. Naylor tells "M" who I assume</p> <p>2 is Martha or Marti.</p> <p>3 A. Yes.</p> <p>4 Q. "M, below is a draft of my 'generic'</p> <p>5 letter I was going to send to Andy Raine at</p> <p>6 SouthTrust Bank prior to your recommendation to</p> <p>7 hold off sending it. I still believe we need to</p> <p>8 communicate to the bank. . . We can put our heads</p> <p>9 together tomorrow to figure out our approach.</p> <p>10 Also, feel free to modify the letter as you see."</p> <p>11 Did I correctly read what Mr. Naylor's note was to</p> <p>12 Ms. Everett?</p> <p>13 A. Yes.</p> <p>14 Q. All right. She's a risk manager; Is</p> <p>15 that right?</p> <p>16 A. Yes.</p> <p>17 Q. What does that mean? What does a risk</p> <p>18 manager do?</p> <p>19 A. She works for headquarters' staff and</p> <p>20 works issues regarding suppliers that could be in</p> <p>21 trouble.</p> <p>22 Q. Is one of her jobs to make sure that</p> <p>23 Delphi minimizes the risk to itself?</p> <p>24 A. Her objective is to make sure that we</p> <p>25 have suppliers that can deliver components.</p>	<p>Page 108</p>